



U.S. Small Business Administration

OFFICE OF
INSPECTOR GENERAL

August 15, 2000

Honorable Michael B. Enzi
United States Senate
290 Russell Senate Office Building
Washington, DC 20510

Dear Senator Enzi:

This letter responds to your July 28, 2000, request for information relating to the Small Business Administration's "discretionary or reserve account(s)." In your letter, you asked several questions as a result of a Senate Committee on Small Business hearing on the Performance and Accountability Review of operations and programs at the Small Business Administration (SBA) held on July 20, 2000, and relating to the OIG's Advisory Memorandum, dated April 29, 1999. To address your request, we developed information to respond to the questions as expeditiously as possible to meet your requested deadline. Where indicated, we obtained responses from the agency's Chief Financial Officer (CFO).

As a matter of background, the commonly referred to "reserve account" is not an actual operating account from which expenditures are made, but instead represents the portion of the agency's spending authority that is not allocated to its program offices at the beginning of the fiscal year. The phrase "offline account" used in our 1999 Advisory Memorandum described the supplemental spreadsheet the agency uses to track changes made to the program office allocations (both increases and decreases) as the fiscal year progresses. This spreadsheet is not an official accounting record, but is rather an auxiliary "log" or presentation device that SBA executive management uses to track and manage changes to the program offices' budget allocations made after the initial allocations. The agency no longer uses the term "reserve account"; it is now referred to as the "budget for unforeseen expenditures."

In addition to being tracked on this supplemental spreadsheet, transactions funded from the "reserve" are allocated, obligated, and expended through the agency's official accounting system, Federal Financial System (FFS). Allocations are the distribution of the agency's

spending authority to its various program offices. SBA makes these allocations in the budgetary categories of "Compensation and Benefits," "Overtime," "Awards," and "Other" (OTHR). Most allocations from the "reserve" are additions to the program offices' "OTHR" accounts, which includes travel, training, rent, contracts, and so forth. In FFS, these allocations give the program offices the ability to "commit" or "obligate" funds to pay for mission-related expenses. Obligations represent a formal order for the acquisition of goods and services. Generally, funds are obligated in FFS before actual payments or expenditures are made, and all expenditures are processed through SBA's Denver Finance Center. The program offices' ability to obligate funds and authorize expenditures is limited by the amount they have been allocated.

In this context, we provide the following responses to your questions.

(1) For Fiscal Year 1999, please describe each discretionary or reserve account(s) that have been maintained at SBA.

Enclosure 1 is SBA's CFO's response to this request. In addition to the operating budget reserve, the agency reserves a portion of its appropriations for the Disaster, 7(a), and 504 loan programs. The CFO's response is consistent with our reviews of these "accounts" and discussions with Cotton & Co., LLP, the CPA firm that conducts SBA's annual financial statement audits. As described in SBA's response, for a variety of reasons, the agency does not fully allocate (i.e., reserves a portion of) its annual operating budget to its program offices at the beginning of each fiscal year.

The funds for the Disaster 7(a) and 504 loan programs can only be used for those specific programs, and accordingly are not considered discretionary. Also, these funds are not tracked like the operating budget reserve with an "offline" spreadsheet, and the agency does not produce reports listing loan program "reserve" transactions. Instead, throughout the year, the loan program offices monitor their field offices' levels of available lending authority, and make adjustments as needed. Because of their nature, we did not review the "reserves" established for the loan funds and have not provided information about them in the responses to the questions below.

(2) For Fiscal Year 1999, please provide me with copies of ledgers describing in sequence every expenditure, allocation or obligation from each reserve or discretionary account.

Enclosure 2, provided by SBA's CFO, is a copy of its operating budget "reserve account" transactions for Fiscal Year 1999, sequentially (pages 1 and 2) and by function (pages 3 to 5). As discussed above, these transactions represent allocations to program office accounts; no expenditures or obligations were actually made from the reserve.

(3) For each reserve or discretionary account maintained in Fiscal Year 1999, please describe in detail the following information.

(a) The sources of funds by line item and program account that were used to fund the account.

SBA's CFO provided Enclosure 3, pages 1 to 3, to identify the sources of funds for the initial balance of SBA's Fiscal Year 1999 operating budget reserve. We verified that the "Sources of Funds" on Enclosure 3 were consistent with the agency's Fiscal Year 1999 appropriation, conference report, and budget worksheets. The "Indirect Transfer" (a transfer of budgetary allocation to cover indirect, administrative costs) referred to under "Allocation of Funds" is another source of funding. Budget documents reflect that "Indirect Transfers" were made from the Business Information Centers, One Stop Capital Stops, U.S. Export Assistance Centers, Small Disadvantaged Business, and HUBzone programs. To determine the amounts that were included in the "indirect transfer," we needed to determine the amounts actually allocated, obligated, and expended for those programs because the amounts not allocated to them would have been available for the "reserve." In Fiscal Year 1999, the accounting structure in FFS was not set up to readily identify all allocations, obligations, and expenditures for these programs at the specific program level. While the CFO provided us with their supplemental worksheets and they appeared reasonable to support the amount of the "Indirect Transfer," we did not fully verify the amounts transferred.

In addition to the initial Fiscal Year 1999 reserve balance and the "Indirect Transfer," the following program accounts provided funds to the reserve between April 2 and September 30, 1999.

Date	Program Office	Amount
4/13/99	OCFO – Adjustment for FedSim	\$1,599,000
4/13/99	OCFO – Net Disaster Chargebacks	\$3,649,000
6/4/99	Government Contracting / Minority Enterprise Development	\$168,000
6/8/99	Human Resources	\$80,000
6/17/99	OCFO	\$1,400,000
6/17/99	OCFO	\$1,000,000
6/25/99	Administrator	\$15,000
Total		\$7,911,000

(b) The manner in which each expenditure, allocation or obligation from the reserve or discretionary accounts were attributed to a specific line in the Federal Financing System (FFS).

As items are approved for allocation, the program office is notified and the CFO allocates funds to the program office operating budget through SBA's official accounting

system, FFS. The program office then follows the normal cycle of commitment, ligation, and expenditure of funds within the same FFS system.

These transactions are subject to the same controls as all other operating budget transactions. Each year, Cotton & Co. evaluates the effectiveness of the agency's controls over the allocation, obligation, and expenditure of funds, and assesses the associated control risk. These controls are designed to ensure that all expenditures are properly authorized and made in accordance with Federal and agency regulations. Cotton & Co.'s workpapers for the Fiscal Year 1999 audit show that they found these controls to be effective and the control risk to be low.

(c) For any funds allocated from the accounts that were not spent on or obligated to the earmarked purpose recorded in the ledger, the manner in which the excess funds were spent or obligated and attributed to a specific line in the FFS.

Due to the nature of reserve account transactions, it is sometimes difficult to determine (a) whether all funds were spent for the earmarked purpose, and (b) the manner in which any "excess" funds were spent or obligated. When reserve allocations are made to a program office's account, they become part of the office's operating budget and lose their identity as "reserve" funds. If the reserve allocation is for a specific contract or procurement in a known amount, the related expenditure can be directly associated with the reserve allocation. In other cases, such as centralized training or postage, the reserve allocation may simply be an increase or supplement to an existing operating budget, and expenditures for the "earmarked purpose" cannot be readily or meaningfully attributed to reserve funds. In some cases, we found that program offices used their own operating budget funds, in addition to the "reserve" funds, to achieve the earmarked purpose and actually spent more than the earmark on the item. Like all other operating budget funds, if "reserve" funds are not fully used for their "earmarked" purpose, they become available for other authorized expenses.

In our 1999 review, we reviewed three transactions and verified that all the funds were completely spent for the earmarked purpose. We also reviewed a random sample of 28 "reserve" transactions processed between May 1999 and July 2000. The sample results are provided below in question 6.

(4) For each reserve or discretionary account maintained during Fiscal Year 2000, please describe the following information.

(a) The sources of funds by line item and program account that were used to fund the account.

SBA's CFO provided Enclosure 4(a), page 1, to identify the sources of funds for SBA's Fiscal Year 2000 operating budget reserve. We verified that the source of funds on Enclosure 4 were consistent with the agency's Fiscal Year 2000 appropriation, conference report, and budget worksheets.

In addition to the initial Fiscal Year 2000 reserve balance and the "Indirect Transfer," the following program accounts provided funds to the reserve through August 3, 2000.

Date	Program Office	Amount
1/28/00	Management and Administration	\$32,545
3/20/00	OCFO – Rent Account	\$900,000
3/20/00	OCFO – SDB Overhead	\$250,000
5/16/00	OCFO – Rent, Telecommunications, and Relocation	\$1,150,000
6/26/00	OCFO – Rent and Telecommunications	\$800,000
6/26/00	OCFO – Postage Account	\$200,000
6/26/00	E-commerce	\$100,000
Total		\$3,432,545

We verified in FFS that all of these transfers were made from the referenced program account.

(b) A detailed ledger describing in sequence every expenditure or obligation from the reserve or discretionary account to date.

Enclosure 4(b), provided by SBA's CFO, is a copy of its operating budget "reserve account" transactions for Fiscal Year 2000, sequentially (pages 1 to 3), and by function (pages 4 to 6). The specific offices to which allocations were made in the category "Executive Direction" are identified on page 7. As discussed above, no expenditures or obligations were actually made from the "reserve."

(c) A description of how each expenditure or obligation of funds allocated from the reserve or discretionary account was attributed to a specific line in the FFS.

Please see the response to question 3(b).

(5) For Fiscal Years 1999 and 2000, please describe the approval process at the SBA to allocate or transfer funds from the reserve accounts.

SBA formalized an approval process to allocate funds from the "reserve account" in SBA Procedural Notice No. 2000-489, dated January 8, 1999. The formalized process required an e-mail request, using a standard automated form, from an Associate Deputy Administrator, or comparable executive, to the Budget Officer. Agency officials informed us that the CFO could approve requests that did not exceed \$25,000 and all other requests required the formal approval of the Administrator or Deputy Administrator. The SBA procedural notice that formalized the approval process expired on January 1, 2000.

Subsequent to SBA Procedural Notice No. 2000-489, SBA has not issued any new written procedural instructions that formalize the approval process. The CFO advised us that the approval process used by SBA to allocate funds from the "budget for unforeseen expenditures" is as follows.

- Program offices request allocations from the "budget for unforeseen expenditures" through the CFO.
- The Deputy Administrator approves requests over \$25,000 and the CFO has been delegated authority to approve allocations up to \$25,000.
- For requests approved by the Deputy Administrator, one of his staff directs the CFO by e-mail to make the allocation to the program office.
- The CFO notifies program offices of approved requests.
- The CFO updates a spreadsheet that shows all transactions to the "budget for unforeseen expenditures" and periodically provides it to the Deputy Administrator for review.

Please also determine whether SBA

(a) Obtained the necessary approvals for each expenditure.

As we noted in our Advisory Memorandum, dated April 29, 1999, for allocations from November 4, 1998 (the date the unforeseen expenditure account was established), through April 1, 1999, the formalized approval process was not followed, i.e., the standard automated request form was not always used and there was no documentation of formalized approval by the Administrator or Deputy Administrator. The approval documents were generally e-mail messages, by which the CFO or Deputy CFO informed their staff to allocate funds and enter the data into FFS.

Likewise from April 2, 1999, through July 25, 2000, approval documents were e-mails and handwritten notes stating that the Deputy Administrator (or, in some cases, the CFO) approved the allocations made from the "budget for unforeseen expenditures." We found that, in

some cases, the Deputy Administrator signed or initialed documents or his staff sent an e-mail to the CFO stating that the Deputy Administrator approved the allocation made from the "budget for unforeseen expenditures." The Deputy Administrator also advised us that he received and scrutinized spreadsheets showing the budget for unforeseen expenditures allocations on a monthly basis.

(b) Maintained any reserve or discretionary account in which Federal funds are expended, allocated, or obligated only at the discretion of the Administrator, the Deputy Administrator, or the Chief Financial Officer.

As senior executives, SBA's Administrator, Deputy Administrator, and CFO all have the authority and responsibility to make decisions regarding the allocation of operating budget funds. As discussed above, however, all operating budget allocations, obligations, and expenditures are processed and controlled through the agency's official accounting system, FFS. As such, they require the participation and approval of various SBA personnel and offices. For instance, non-credit card procurements require the processing and approval of SBA's Office of Procurements and Grants Management, which is responsible for ensuring compliance with Federal and agency regulations and policies. In addition, all SBA expenditures are processed through SBA's Denver Finance Center, which is responsible for ensuring that all necessary approvals and authorizations have been obtained.

(6) For Fiscal Years 1999 and 2000, please sample twenty percent of the expenditures to, among other things, determine the exact amount of Federal funds expended.

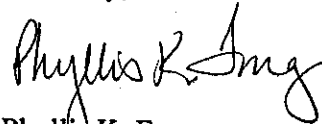
We reviewed a random sample of 28 of the 142 reserve fund allocations made between May 1999 and July 2000. In some cases, the purpose of the "reserve" allocation was not a particular contract or other unique expense, but instead involved an increase to a routine operating budget category (e.g. rent, training, and postage). In addition, due to the fungible nature of the program offices' operating budgets, the "reserve" allocations lose their identity as "reserve money." It was, therefore, not always practical to associate specific obligations and expenditures with a "reserve" allocation. In such cases, we identified all obligations and expenditures for the purpose described on the "reserve" ledger. For all 28 reserve fund allocations, we verified FFS allocations totaling \$2,984,175 that were consistent with the amount, program office, and description provided on the "reserve" ledgers. Please see Enclosure 5 for details of the sample results.

Please note that certain information in this letter may be considered by the Agency to be confidential and privileged and, as such, it may be exempt from disclosure to parties other than the Senate acting in its official capacity. Unauthorized disclosure of the information may violate Federal law. I am, therefore, requesting that you maintain the information in a secure place and take the necessary precautions against any unauthorized disclosures.

It is our policy not to release such information to the general public absent a request under the Freedom of Information Act (FOIA). Should you receive requests from constituents, the media, or other members of the public for copies of this information, or any portion thereof, please inform them that they can request copies by submitting a written FOIA request to the attention of David R. Gray, Counsel to the Inspector General, Office of Inspector General, Small Business Administration, 409 Third Street SW., Washington, DC 20416.

In preparing our response, we discussed your request with both your staff and the staff of the Senate Small Business Committee to clarify our understanding of the request. If you or your staff have any additional questions, please contact Peter McClintock, Deputy Inspector General, or me at (202) 205-6586.

Sincerely,



Phyllis K. Fong
Inspector General

Enclosures

cc:

Senator Christopher S. Bond
Chairman, Senate Committee on Small Business

Senator John F. Kerry
Ranking Minority Member
Senate Committee on Small Business

Honorable Aida Alvarez
Administrator, Small Business Administration

bcc:
Chron
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Subject File
CLA
CFO
AIG/A
Counsel

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Question 1 – Describe each discretionary or reserve account(s)

(The answer applies to both FY 1999 and FY 2000.)

SBA maintains a balance of its annual availability to the **Salaries & Expenses operating budget** at an agencywide level that we term the Budget for Unforeseen Expenditures. This balance is maintained for planned events that were anticipated to occur at a later date in the year but didn't require immediate funding; for unexpected events that could not be funded until known; and to balance the annual fluctuations in spending in our major cost areas, such as compensation and benefits, rents, telecommunications, postage and printing accounts. The balance established at the beginning of the year represents the difference between the annual funding available to SBA's Salaries and Expenses operating budget from all sources, including mostly the annual appropriation act, and the amounts allocated to the program operating budgets.

The Budget for Unforeseen Expenditures is monitored very closely throughout the year by the Office of the Chief Financial Officer and the Deputy Administrator, and it is adjusted upward for changes to SBA's funding availability for items such as reimbursable agreements that are consummated during the year, and downward to reflect senior management decisions on various spending items, such as mentioned above.

This method of maintaining a balance of the operating funds represents prudent and efficient cash management and good overall financial management of an agency to meet management priorities.

In addition to the balance maintained in the Salaries and Expenses operating account, SBA also maintains a balance of funds in its loan program accounts. However, these funds are specifically available for their originally appropriated purpose for SBA's loan programs, and not available for other agency priorities without the express consent or approval of Congress.

Business loan funds for the 7(a) and 504 loan program levels and related subsidy expense are allocated at an agencywide level and then allocated on a quarterly basis by the program office to SBA's 70 field and centralized processing centers. A balance is maintained at the agencywide level to balance the fluctuations in program usage at these various locations so that all locations have sufficient loan funds to meet small business needs.

Likewise, **disaster loan funds** are allocated at an agencywide level to be allocated by the program office to the 4 disaster area offices, with a balance maintained to meet fluctuations in usage between the locations.

Like the Salaries and Expenses account, this method of allocating SBA's funds is an efficient and prudent financial management tool to ensure the needs of small business for credit are met.

CONFIDENTIAL - INTERNAL BUDGET PLANNING DOCUMENT

Enclosure 2

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Small Business Administration FY 1999 - Status of Reserve for Unforeseen Expenditures (In Dollars)

	Date	Office	Item Description	Amount	Balance
1	11/04/98		Beginning Balance	\$ 0	\$ 17,289,000
2	10/22/98	Communications	NAC Conference	75,000	17,214,000
3	10/22/98	Capital Access	SBLC travel/details	8,000	17,206,000
4	10/22/98	Field Operations	DD Awards	40,000	17,166,000
5	11/09/98	Various	Operating Expenses- 10% to base	6,608,000	10,558,000
6	11/09/98	Field Offices	Outreach- \$2k per office	138,000	10,420,000
7	11/16/98	OCIO	EDS Mainframe conversion	329,000	10,091,000
8	11/16/98	International Trade	Mission to Ireland	71,000	10,020,000
9	11/20/98	Advocacy	Vision 2000 conference	40,000	9,980,000
10	11/23/98	EEOC	Special Emphasis(to 25k)/training-Adj to base	16,000	9,964,000
11	11/24/98	ADA/ED	ED Field Conference	100,000	9,864,000
12	11/25/98	Administration	Temporary Clerical Services to Support Agency Initiatives	40,000	9,824,000
13	11/25/98	Administration	Printing for Advocacy conference	38,000	9,786,000
14	11/25/98	Field Ops	Resource Allocation Study/Gonzales	15,000	9,771,000
15	11/25/98	Investment	Outreach Conferences	75,000	9,696,000
16	11/25/98	International Trade	Mexico Business Connection (3/8-12)	54,000	9,642,000
17	11/30/98	Native American	TBIC training	2,000	9,640,000
18	12/01/98	CIO	GMSI contract for Gen'l Counsel	46,000	9,594,000
19	12/04/98	International Trade	No. Ireland/London	46,000	9,548,000
20	12/09/98	Field Operations	PreQual Training	100,000	9,448,000
21	12/09/98	Communications	Contract for Small Business Week	100,000	9,348,000
22	12/10/98	FA	SBLC MOU	500,000	8,848,000
23	12/10/98	Asset Sales	To begin process from direct serving to overseer	211,000	8,637,000
24	12/14/98	International Trade	Argentina Travel	8,000	8,629,000
25	12/15/98	Field Operations	QMC funding- Oct & Jan. overage	97,000	8,532,000
26	12/15/98	Investment	Organization study	20,000	8,512,000
27	12/16/98	Field Operations	Discretionary funding for field office needs	50,000	8,462,000
28	01/06/99	Asset Sales	Audit Asset Sales process	25,000	8,437,000
29	01/08/99	FA	Funding for LowDoc Centers	100,000	8,337,000
30	01/20/99	OCFO	Revised Salary Estimate	5,432,000	2,905,000
31	01/21/99	CA - Imm Office	Funding for Women's Canada Summit	20,000	2,885,000
32	01/21/99	Investment	SBIC Outreach Initiative	67,000	2,818,000
33	01/21/99	M&A - Imm Office	Travel for ADA - M&A	10,000	2,808,000
34	01/21/99	M&A - Admin	Shalom Contract	55,000	2,753,000
35	01/21/99	Field Operations	Third Quarter Management Conference	204,000	2,549,000
36	01/21/99	Inspector General	Criminal History Pilot Reimbursement	13,000	2,536,000
37	01/27/99	M&A - Admin	Review of Financial Mgmt System	75,000	2,461,000
38	02/17/99	M&A - Admin	Centralized Training/Quarterly Mgmt Conference	(80,000)	2,541,000
39	02/22/99	OCFO	Reimburse Office of the Vice President for Travel and Satellite Communication Expenses	10,000	2,531,000
40	03/03/99	CA - Imm Office	SBLC Examinations	4,800	2,526,200
41	03/19/99	Inspector General	FBI Investigations Funding Not Required	(13,000)	2,539,200
42	03/23/99	GC/MED	Annual Procurement Conference	168,000	2,371,200
43	04/01/99	Investment	Adjustment Planned Reimbursement for Outreach Conference	60,000	2,311,200
44	04/13/99	OCFO	Adjustments for Zero Based Budgeting	1,019,000	1,292,200
45	04/13/99	OCFO	Adjustment for FEDSIM	(1,599,000)	2,891,200
46	04/13/99	OCFO	Net Disaster Chargebacks	(3,649,000)	6,540,200
47	04/13/99	OCFO	Reserve for CDSI	1,470,000	5,070,200
48	04/13/99	OCFO	Reserve for Rent expense	1,840,000	3,230,200
49	04/13/99	OCFO	Reserve for Postage expense	900,000	2,330,200
50	04/13/99	OCFO	Reserve for Telecommunications expense	600,000	1,730,200
51	04/13/99	OCFO	Reserve for Printing expense	100,000	1,630,200
52	04/14/99	Capital Access	Travel for Patrick McGowan	13,200	1,617,000
53	05/04/99	New Mkt Initiative	Travel for Darryl Dennis	15,000	1,602,000

CONFIDENTIAL - INTERNAL BUDGET PLANNING DOCUMENT

Small Business Administration
FY 1999 - Status of Reserve for Unforeseen Expenditures
(In Dollars)

Enclosure 2
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	Date	Office	Item Description	Amount	Balance
54	05/04/99	OWBO	Post Award Training for 25 New WBO Centers	25,000	1,577,000
55	05/11/99	M&A	Temp. Receptionist to support Executive Direction offices	2,500	1,574,500
56	05/15/99	Administrator	Travel for two Field detailees/Small Business Week	5,000	1,569,500
57	05/25/99	Fld Ops	Advance for October Management Conference	93,000	1,476,500
58	05/28/99	Gen Cnsl	Additional cost of White House event in Detroit	750	1,475,750
59	06/04/99	GC/MED	Reimbursement for Annual Procurement Conference	(168,000)	1,643,750
60	06/08/99	Human Resources	Reimbursement for Advance for October Management Conference (See # 57)	(80,000)	1,723,750
61	06/14/99	M&A	Review Leased Space Costs and Services	350,000	1,373,750
62	06/15/99	Fld Ops	Program Office support	41,000	1,332,750
63	06/15/99	OWBO	Program Office support	59,000	1,273,750
64	06/15/99	OCFO	Relocation expenses for approved Exceptions hiring	400,000	873,750
65	06/17/99	OCFO	Decrease in OCFO Reserve Items # 47 - 51	(1,400,000)	2,273,750
66	06/17/99	OCFO	Savings from Compensation & Benefits management	(1,000,000)	3,273,750
67	06/18/99	Administrator	Technical Writer for COO	24,000	3,249,750
68	06/18/99	Capital Access	Office of Asset Sales support	36,800	3,212,950
69	06/21/99	Administrator	Travel expenses for Administrator's office	12,000	3,200,950
70	06/25/99	Administrator	International Trade initiative in London	14,500	3,186,450
71	06/25/99	Administrator	Contract for advance work on International Trade Initiative in London	15,000	3,171,450
72	06/29/99	OCIO	FTS 2001 Telephones	150,000	3,021,450
73	06/29/99	OCIO	Security Requirements - OCIO	197,000	2,824,450
74	06/25/99	Administrator	Cancel contract for advance work on International Trade initiative in London	(15,000)	2,839,450
75	07/07/99	OCFO	FFS Agreement with Treasury	250,000	2,589,450
76	07/07/99	OCFO	Asset Sales - 4 temp accts in Denver	150,000	2,439,450
77	07/07/99	EEOC	EEOC Program Office support	50,000	2,389,450
78	07/07/99	OCFO	Summer Hires Program Reinstated	100,000	2,289,450
79	07/07/99	OCFO	Disaster Employees Conversion to Regular Employees	250,000	2,039,450
80	07/09/99	Capital Access	Travel for Microloan Program	4,500	2,034,950
81	07/09/99	Hearings & Appeals	Scanner for FOIA	1,000	2,033,950
82	07/09/99	Cong & Leg Affairs	Replenish deobligated funds	6,000	2,027,950
83	07/09/99	OCFO	Savings Bond Campaign	5,000	2,022,950
84	07/07/99	Capital Access	National Bond Event	980	2,021,970
85	07/28/99	Comm & Pub Liaison	Printing of Publications	135,000	1,886,970
86	07/28/99	Capital Access	504 Liquidation Pilot Evaluation	15,600	1,871,370
87	08/18/99	Capital Access	Travel to Region 1 Conference	600	1,870,770
88	08/18/99	M&A - Admin	Advocacy, Communications and Policy offices construction	75,000	1,795,770
89	08/18/99	Entrep Dev	SCORE administrative expenses	150,000	1,645,770
90	08/20/99	OCFO	Recission under H.R. 1664	399,000	1,246,770
91	08/27/99	M&A - Admin	Atlanta Rent Expense	130,000	1,116,770
92	09/01/99	Entrep Dev	Lifelong Learning Summit	7,225	1,109,545
93	09/03/99	Advocacy	Regional Advocates' travel	15,000	1,094,545
94	09/01/99	Field Operations	Travel for Irma Munoz	2,500	1,092,045
95	09/13/99	Administrator	National Advisory Council Meeting	10,000	1,082,045
97	09/14/99	Administrator	Travel expenses for Administrator's office	10,000	1,072,045
98	09/15/99	OCFO	Fund Imprest account	8,000	1,064,045
99	09/17/99	GC/MED	Combined Federal Campaign	5,000	1,059,045
100	09/17/99	Entrep Dev	Payments or OPAC bills for Publications	14,516	1,044,529
101	09/22/99	Comm & Pub Liaison	Three (3) trips with the Administrator	7,500	1,037,029
102	09/27/99	Field Operations	Outreach at the Hispanic Leadership Institute Conference	2,000	1,035,029
103	09/28/99	Administrator	Travel Expense	25,000	1,010,029
104	09/29/99	OCIO	Security Contract	516,421	493,608
105	09/30/99	OCIO	Mainframe Contract	493,608	0

Current Ending Balance

\$ 0

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Small Business Administration
Office of the Chief Financial Officer
Status of Reserve for Unforeseen Expenditures
Sorted by Function

Enclosure 2
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(In Dollars)

Date	Office	Item Description	Amount
11/04/98		Beginning Balance	17,289,000
Workforce Transformation			
4 10/22/98	Field Operations	DD Awards	40,000
10 11/23/98	EEOC	Special Emphasis(to 25k)/training-Adj to base	16,000
11 11/24/98	ADA/ED	ED Field Conference	100,000
14 11/25/98	Field Operations	Resource Allocation Study/Gonzalez	15,000
17 11/30/98	Native American	TBIC training	2,000
20 12/09/98	Field Operations	PreQual Training	100,000
25 12/15/98	Field Operations	QMC funding- Oct & Jan. overage	97,000
26 12/15/98	Investment	Organization study	20,000
35 01/21/99	Field Operations	Third Quarter Management Conference	204,000
34 01/21/99	M&A - Admin	Shalom Contract	55,000
38 02/17/99	M&A - Admin	Centralized Training/Quarterly Mgmt Conference	(80,000)
57 05/25/99	Field Operations	Advance for October Management Conference	93,000
06/08/99	Human Resources	Reimbursement for Advance for October Management Conference (See # 57)	(80,000)
Workforce Transformation Subtotal			582,000
Management Improvements			
7 11/16/98	OCIO	EDS Mainframe conversion	329,000
33 01/21/99	M&A - Imm Office	Travel for ADA - M&A	10,000
37 01/27/99	M&A - Admin	Review of Financial Mgmt System	75,000
52 04/14/99	Capital Access	Travel for Patrick McGowan	13,200
61 06/14/99	M&A - Admin	Review Leased Space Costs and Services	350,000
67 06/18/99	Administrator	Technical Writer for COO	24,000
72 06/29/99	OCIO	FTS 2001 Telephones	150,000
73 06/29/99	OCIO	Security Requirements - OCIO	197,000
81 07/09/99	Hearings & Appeals	Scanner for FOIA	1,000
104 09/29/99	OCIO	Security Contract	516,421
Management Improvements Subtotal			1,665,621
Small Business Outreach			
2 10/22/98	Comm & Pub Liaison	NAC Conference	75,000
6 11/09/98	Field Offices	Outreach- \$2k per office	138,000
15 11/25/98	Investment	Outreach Conferences	75,000
12 11/25/98	Administrator	Administrator/DeputyAdm support	40,000
21 12/09/98	Comm & Pub Liaison	Contract for Small Business Week	100,000
32 01/21/99	Investment	SBIC Outreach Initiative	67,000
39 02/22/99	OCFO	Office of the Vice Pres. for Travel and Satellite Comm.	10,000
42 03/23/99	GC/MED	Annual Procurement Conference	168,000
43 04/01/99	Investment	Adj to Outreach Conf. for Planned Reimbursement	60,000
53 05/04/99	New Mkt Initiative	Travel for Darryl Dennis	15,000
56 05/15/99	Administrator	Travel for two Field detailees/Small Business Week	5,000
58 05/28/99	General Counsel	Additional cost of White House event in Detroit	.750
59 06/04/99	GC/MED	Reimbursement for Annual Procurement Conference	(168,000)
63 06/15/99	OWBO	Program Office support	59,000
69 06/21/99	Administrator	Travel for Darlene M, Aida A. and Fred H.	12,000
80 07/09/99	Capital Access	Travel for Microloan Program	4,500
82 07/09/99	Cong & Leg Affairs	Replenish deobligated funds	6,000

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	Date	Office	Item Description	Amount
85	07/28/99	Comm & Pub Liaison	Printing of Publications	
87	08/18/99	Capital Access	Travel to Region 1 Conference	135,000
92	09/01/99	Entrep Dev	Lifelong Learning Summit	600
93	09/03/99	Advocacy	Regional Advocates' travel	7,225
94	09/10/99	Comm & Pub Liaison	Travel for Irma Munoz	15,000
95	09/13/99	Administrator	National Advisory Council Meeting	2,500
97-	09/14/99	Administrator	Travel expenses for Administrator's office	10,000
100	09/17/99	Entrep Dev	Payments or OPAC bills for Publications	10,000
101	09/22/99	Comm & Pub Liaison	Three (3) trips with the Administrator	14,516
102	09/27/99	Field Operations	Outreach at the Hispanic Leadership Institute Conference	7,500
103	09/28/99	Administrator	Travel Expense	2,000
Small Business Outreach Subtotal				25,000
				896,591
Globalization				
8	11/16/98	International Trade	Mission to Ireland	71,000
16	11/25/98	International Trade	Mexico Business Connection (3/8-12)	54,000
19	12/04/98	International Trade	No. Ireland/London	46,000
24	12/14/98	International Trade	Argentina Travel	8,000
31	01/21/99	Capital Access	Funding for Women's Canada Summit	20,000
70	06/25/99	Administrator	Travel to London	14,500
71	06/25/99	Administrator	Advance work for travel to London	15,000
74	06/25/99	Administrator	Advance work for travel to London	(15,000)
Globalization Subtotal				213,500
Asset Sales				
23	12/10/98	Asset Sales	To begin process from direct serving to overseer	211,000
28	01/06/99	Asset Sales	Audit Asset Sales process	25,000
68	06/18/99	Capital Access	Office of Asset Sales support	36,800
76	07/07/99	OCFO	Asset Sales - 4 temp accts in Denver	150,000
Asset Sales Subtotal				422,800
Oversight Responsibilities				
3	10/22/98	Capital Access	SBLC Travel/details	8,000
22	12/10/98	Financial Assistance	SBLC MOU	500,000
40	03/03/99	Capital Access	SBLC Examinations	4,800
62	06/15/99	Field Operations	Program Office support	41,000
86	07/28/99	Capital Access	504 Liquidation Pilot Evaluation	15,600
Oversight Responsibilities Subtotal				569,400
Compensation and Benefit Adjustments				
30	01/20/99	OCFO	Revised Salary Estimate	5,432,000
66	06/17/99	OCFO	Savings from Compensation & Benefits management	(1,000,000)
78	07/07/99	OCFO	Summer Hires Program Reinstated	100,000
79	07/07/99	OCFO	Disaster Employees Conversion to Regular Employees	250,000
Compensation and Benefit Adjustments Subtotal				4,782,000
Operating Expenses				
5	11/09/98	Various	Operating Expenses- 10% to base	6,608,000
18	12/01/98	OCIO	GMSI contract for General Counsel	46,000
27	12/16/98	Field Operations	Discretionary funding for field office needs	50,000
29	01/08/99	Financial Assistance	Funding for LowDoc Centers	100,000
36	01/21/99	Inspector General	Criminal History Pilot Reimbursement	13,000
41	03/19/99	Inspector General	FBI Investigations Funding Not Required	(13,000)
44	04/13/99	OCFO	Adjustments for Zero Based Budgeting	1,019,000
45	04/13/99	OCFO	Adjustment for FEDSIM	(1,599,000)
46	04/13/99	OCFO	Net Disaster Chargebacks	(3,649,000)

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	Date	Office	Item Description	Amount
47	04/13/99	OCFO	Disaster chargeback for CDSI	1,470,000
48	04/13/99	OCFO	Reserve for Rent expense	1,840,000
49	04/13/99	OCFO	Reserve for Postage expense	900,000
50	04/13/99	OCFO	Reserve for Telecommunications expense	600,000
51	04/13/99	OCFO	Reserve for Printing expense	100,000
55	05/12/99	M&A - Admin	Temp. Receptionist to support Executive Direction offices	2,500
64	06/15/99	OCFO	Relocation expenses for approved Exceptions hiring	400,000
65	06/17/99	OCFO	Decrease in OCFO Reserve Items #47 - 51	(1,400,000)
75	07/07/99	OCFO	FFS Agreement with Treasury	250,000
84	07/07/99	Capital Access	National Pride Event	980
77	07/07/99	EEO	EEO Program Office support	50,000
83	07/09/99	OCFO	Savings Bond Campaign	5,000
88	08/18/99	M&A - Admin	Advocacy, Communications and Policy offices construction	75,000
91	08/27/99	M&A - Admin	Atlanta Rent Expense	130,000
98	09/15/99	OCFO	Fund Imprest account	8,000
99	09/17/99	GC/MED	Combined Federal Campaign	5,000
105	09/30/99	OCIO	Mainframe Contract	493,608
Operating Expenses Subtotal				7,505,088
Underfunded Mandates				
9	11/20/98	Advocacy	Vision 2000 conference	40,000
13	11/25/98	Administrator	Printing for Advocacy conference	38,000
54	05/04/99	OWBO	Post Award Training for 25 New WBO Centers	25,000
89	08/18/99	Entrep Dev	SCORE administrative expenses	150,000
90	08/20/99	OCFO	Recission under H.R. 1664	399,000
Underfunded Mandates Subtotal				652,000
Grand Total				17,289,000